## **CLAIMS**

## What is claimed is:

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- A method of identifying a compound capable of modulating the activity of Cathepsin
  Z in a cell, comprising the steps of:
  - (a) measuring said cell's base level of Cathepsin Z activity in the absence of a candidate compound;
  - (b) introducing said candidate compound; and
  - (c) measuring said cell's level of Cathepsin Z activity in the presence of said candidate compound.
  - 2. The method of Claim 1 wherein said cell's level of Cathepsin Z activity is measured by measuring antigen presentation.
- The method of Claim 2, wherein said cell's level of antigen presentation is measured by measuring autologous T-cell response to tetanus toxin.
  - 4. The method of Claim 2, wherein said cell's level of antigen presentation is measured by measuring said cell's capacity to present quenched FITC-ovalbumin.
  - 5. The method of Claim 1 wherein said cell is an antigen-presenting cell.
  - 6. The method of Claim 5 wherein said antigen-presenting cell is selected from the group consisting of dendritic cell precursor, immature dendritic cell, and mature dendritic cell.
    - 7. A compound capable of modulating the activity of Cathepsin Z identified according to the method of Claim 1.
- 30 8. A pharmaceutical for treating an inflammatory disease comprising the compound of Claim 7 and a pharmaceutically acceptable excipient.

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- 9. A method for treating an autoimmune disease comprising the step of administering the pharmaceutical of Claim 8.
- 10. The method of Claim 9 wherein said autoimmune disease is selected from the group consisting of rheumatoid arthritis and multiple sclerosis.

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